

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF NICHOLAS COUNTY)	
WATER DISTRICT OF NICHOLAS COUNTY,)	
KENTUCKY FOR A CERTIFICATE OF PUBLIC)	CASE NO.
CONVENIENCE AND NECESSITY TO CONSTRUCT,)	94-248
FINANCE AND INCREASE RATES PURSUANT TO)	
THE PROVISIONS OF KRS 278.023)	

O R D E R

On July 6, 1994, Nicholas County Water District ("Nicholas Water") filed an application for a Certificate of Public Convenience and Necessity to construct a \$1,773,500 waterworks improvement project, for approval of its plan of financing for this project, and for adjustments to its water service rates. This project will provide service to 200 additional customers. Project funding includes a \$1,092,000 bond issue to be purchased pursuant to an agreement with Farmers Home Administration ("FmHA"), a \$650,000 grant from FmHA, and \$31,500 from applicants for service in the proposed project area. The bonds will be financed for a 40-year period from the date of the bond at an interest rate of 5.25 percent per annum.

Nicholas Water's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water districts and FmHA and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements were met in this case on July 6, 1994, KRS

278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. Nicholas Water is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Nicholas Water's proposed plan of financing with FmHA is accepted.

3. Nicholas Water is authorized to issue bonds not to exceed \$1,092,000 to be held or insured by FmHA.

4. Nicholas Water shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

5. The rates set out in Appendix A, which is attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.

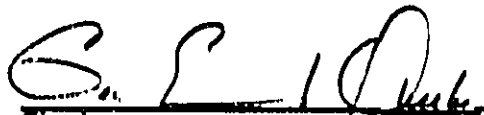
6. Nicholas Water shall submit its revised tariff setting out the rates in Appendix A within 30 days of the date of this Order.

7. Nicholas Water shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer falls outside the requirements of 807 KAR 5:066, Section 5(1), Nicholas Water shall take immediate action to bring the system into compliance with Commission regulations.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 1st day of August, 1994.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 94-248 DATED August 1, 1994.

The following rates and charges are prescribed for the customers in the area served by Nicholas County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Monthly Rates:

First 1,000 gallons per month	\$11.96 Minimum Bill
Next 2,000 gallons per month	6.04 per 1,000 gallons
Next 2,000 gallons per month	5.25 per 1,000 gallons
Next 5,000 gallons per month	4.06 per 1,000 gallons
Next 15,000 gallons per month	3.67 per 1,000 gallons
Over 25,000 gallons per month	3.27 per 1,000 gallons